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AMCONSUL HONG KONG PRIORITY
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY
AMEMBASSY BEIJING PRIORITY

S E C R E T STATE 101860

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TAGS: [PARM](#) [MTCRE](#) [PREL](#) [ETTC](#) [IR](#) [CH](#) [HK](#)

SUBJECT: HONG KONG'S JETPOWER SUPPLYING VARIETY OF METALS
TO IRANIAN AIRCRAFT MANUFACTURER (S)

REF: A. STATE 63929
[B](#). HONG KONG 1107
[C](#). ABU DHABI 1803

Classified By: ISN/MTR DIRECTOR PAM DURHAM
REASONS 1.4 (B), (C) AND (D).

[1](#)1. This is an action request. Please see paragraph 4.

[1](#)2. (S) Background: The USG has information indicating that the Hong Kong firm Jetpower Industrial Ltd. has been working to supply Iran Aircraft Manufacturing Industries (HESA) with a variety of metals, including 7000 series and 2000 series aluminum, which can be controlled under the Wassenaar Arrangement, and 4340 steel, which has been used in Iran's Ashura medium-range ballistic missiles and other Iranian missiles. We have previously discussed Jetpower's activities with Hong Kong authorities, most recently in June 2008 when we advised HKSARG officials that HESA had possibly altered the details on a letter of credit for an order of items from Jetpower, probably in order to avoid the scrutiny of Hong Kong export control officials (Ref A). In response, Hong Kong authorities recalled prosecuting Jetpower in the 1990s for trading in strategic components with Iran, and also noted that the firm is on the U.S. Department of Commerce's Unverified List (for its refusal to cooperate with U.S. officials who were attempting to verify Jetpower's bona fides) (Ref B). (Note for post only: a previous metal shipment from Jetpower to HESA was interdicted at U.S. request by UAE authorities in 2007 (Ref C). End note.)

[1](#)3. (S) Objective: We want to urge Hong Kong authorities to investigate this activity and take all appropriate measures to prevent Jetpower from assisting Iranian entities of concern. We also want to advise the HKSARG that the transfer of regime-controlled items - including aluminum controlled by the Wassenaar Arrangement - could result in the imposition of sanctions against Jetpower pursuant to U.S. law.

[1](#)4. (S) Action Request: Request Post approach appropriate Hong Kong officials to deliver talking points/non-paper in paragraph 5 below and report response. Talking points also may be provided as a non-paper.

[1](#)5. (S) Begin talking points/non-paper:

(SECRET REL HONG KONG)

-- We would like to raise with you a matter of proliferation concern and request your assistance in investigating this activity.

-- The U.S. has information indicating that the Hong Kong firm Jetpower Industrial Ltd. has been working to supply Iran Aircraft Manufacturing Industries (HESA) with a variety of metals, including some controlled by the Wassenaar Arrangement.

-- This includes 7000 series aluminum (in the form of bars, plates and rods) commonly used in aviation industries, but also used to produce a variety of structural components in

Scud missiles. Some types of 7000 series aluminum if made from powder can be controlled by the Wassenaar Arrangement.

-- HESA also sought a quantity of AISI 4340 steel. Although not controlled, AISI 4340 steel has been used in the motor cases of the Ashura medium-range ballistic missile as well as in other Iranian missiles.

-- Jetpower may also be looking to supply HESA with a number of other types of metals, including 2000 series aluminum developed for the aerospace industry, but which is also used in a variety of ballistic missile components and can be controlled by the Wassenaar Arrangement. Some of these materials may be shipped to Iran via Kuala Lumpur, Malaysia.

-- Jetpower Industrial Ltd. was prosecuted by Hong Kong authorities in the 1990s for trading in strategic components with Iran, and has been the subject of previous U.S. demarches.

-- Most recently, in June 2008, we advised you that HESA may have altered the details on a letter of credit for an order of items from Jetpower.

-- We believe that this may have been done in order to avoid additional scrutiny and to circumvent Hong Kong export controls.

-- Jetpower is on the United States Department of Commerce's Unverified List for its refusal to cooperate with U.S. officials who were attempting to verify the legitimacy of Jetpower as a recipient of U.S. exports.

-- According to the internet, Jetpower is located at Rm 2108, Park-In Comm Bldg., 56 Dundas Street, Mongkok, Kowloon, Hong Kong. Phone: 2312 6918.

-- We urge you to use this information to immediately investigate Jetpower's activities and take all appropriate measures to prevent this firm from assisting Iranian entities of concern.

-- We also want to advise you that the transfer of regime-controlled items - such as some of the metals in these shipments - could result in the imposition of sanctions against Jetpower pursuant to the Iran, North Korea and Syria Nonproliferation Act.

-- We look forward to future cooperation on nonproliferation issues and to hearing the results of your inquiries into this matter at the earliest possible time.

End talking points/non-paper

16. (U) Washington POC is ISN/MTR John Paul Herrmann (Phone: 202-647-1430 - herrmannjp@state.sgov.gov). Please slug any reporting on this issue for ISN/MTR.

17. (U) A word version file of this document will be posted at www.state.sgov.gov/demarche.
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NNNN

End Cable Text